

*Rail Service*

their hands. The Canadian content will be high; therefore, the jobs will be welcome, wherever they may be. In replying to the hon. member's other question, it will indeed be our long-run intention to improve railbeds where passenger services are to be run. These trains can run fairly effectively on many existing beds, but certainly in some regions improvements will be required to the signalling and bed systems.

**Mr. McGrath:** Mr. Speaker, I have two questions for the minister. Perhaps I can pose them both at the same time in the interest of time. My first question deals with rail passenger service and the VIA Rail announcement made by the minister today, which, of course, will exclude the province of Newfoundland. We lost our rail passenger service as a result of a decision by the CTC implemented in 1969. By that same decision, CN was ordered to operate a bus service within our province. That bus service, by proclamation of the minister under the transportation act, is now under the jurisdiction of the federal government, but it does not qualify under the rail policy passenger service for subsidies to meet its deficits, as is the case with rail passenger services elsewhere in the country. In addition, the bus service is now under federal jurisdiction and is the only mode of transportation across the province which has an exclusive franchise.

My question to the minister is: What benefits is the federal government prepared to provide to the CN bus services where they replace rail passenger services, especially in cases, as in the case of the province of Newfoundland, where they have an exclusive franchise and they are the only mode?

My second question deals with the same problem, or with a consequence of the same decision. CN are now doing the same thing with freight service in the province as they did with rail passenger service; they are allowing it to be downgraded. They are not providing proper maintenance for the roadbed and they are sending more and more freight across the province along the Trans-Canada Highway in trailer trucks. The reason for this is obvious: they pay nothing toward the cost of maintenance of the Trans-Canada Highway, whereas the cost of maintenance of the roadbed and the provision of rolling stock is exclusively theirs.

This brings me to the proposal by the government of Newfoundland, now before the minister, for a 75-25 per cent cost-sharing arrangement with the federal government to upgrade the Trans-Canada Highway in Newfoundland which is well below standard and which is rapidly deteriorating because of the excessive use of freight by CN and others.

**Mr. Lang:** Mr. Speaker, as the hon. member knows, we have offered to enter into a program of 50-50 cost-sharing on road improvements in Newfoundland. This, of course, is an area which is the prime responsibility of the province, but we have recognized the desirability of improving those roads. At this point in time, of course, that offer has not been accepted.

The whole question of freight service, use of the railroad and the increasing use of roads is one of significant concern and is one of the background reasons for the federal and provincial governments jointly agreeing on the setting up of the Sullivan

[Mr. Lang.]

commission which is now considering all the transportation questions in Newfoundland. We will certainly be looking forward to the results of that commission before too long.

As for the question of the bus system, which it is true is now fully under federal jurisdiction resulting from necessary action which had to be taken some time ago, my understanding is that the rates charged are comparable to bus rates in other parts of the country. If a subsidy is required because of a deficit on the system, because this is a Canadian National service it would be borne either by the system as a whole or by the government of Canada, in the ordinary course.

I look forward to direct federal action in attempting to improve that bus system arising out of the total transportation agreement entered into with the Atlantic provinces. I also look forward to discussing a role with VIA Rail Canada in relation to that bus service, because I think that the vigorous management approach toward passenger service which will be found to exist in VIA Rail may be very beneficial where associated bus services are required.

[Translation]

**Mr. Gendron:** Mr. Speaker, I understand from the announcement the minister just made that an important contract is to be awarded to Bombardier in La Pocatière.

Could the minister tell us the exact amount that would be awarded to Bombardier in La Pocatière under that policy, and also the approximate number of jobs that would be created through that contract?

[English]

**Mr. Lang:** As I indicated, Mr. Speaker, 1,500 man-years will be involved in the development of this equipment. The figure I have used is approximately \$90 million. Final negotiating is still continuing.

**Mr. Towers:** Mr. Speaker, would the minister say whether or not the two main transcontinental lines to western Canada will be maintained? Would he also say what the policy is regarding bilateral runs between places like Calgary and Edmonton?

**Mr. Lang:** Mr. Speaker, the Canadian Transport Commission's final plan is now available and indicates a particular method for maintaining the two transcontinental services between Winnipeg and Vancouver and an overtime implementation of that development. The other associated services are now frequently under special consideration by the Canadian Transport Commission and special decisions will be taken from time to time in that regard.

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What I look forward to is the possibility of Via Rail looking vigorously, with all the provinces, at the question of where rail service is required and desirable, and where bus service can more effectively perform the service of bringing passengers to particular points where the rail service can begin.